

Subsequent Business Paper



Ordinary Meeting of Council

to be held at

Council Administration Centre

180 Mort Street, Lithgow

on

Monday 27 May 2024

at 6:00 PM

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1. Administration Reports

1.1. Strengthening Our Economy

1.1.1. I&E - 27/05/2024 - Outcomes of Study Visit - Latrobe Valley

Strategic Context for this matter:

Strengthening Our Economy To provide for sustainable and planned growth through the diversification of the economic base, the development of diverse job opportunities and the provision of a broad range of formal and non-formal educational services.

Author: Jonathon Edgecombe - Director of Infrastructure and Economy

Responsible Officer: Jonathon Edgecombe - Director of Infrastructure and Economy

Executive Summary

The purpose of this report is to set out the findings arising from the recent study visit to the Latrobe Valley.

The Latrobe Valley experienced a sudden economic disruption arising from the decision to close the Hazelwood Power Station in March 2017. Five months' notice was given of the closure. Two other power stations in the region have prospective closure dates – with the next scheduled for 2028.

A delegation consisting of Councillors, staff officers and staff of Western Sydney University visited six organisations involved in transitions management in the Latrobe Valley over 15-16 May 2024. In accordance with Council's policy framework, all travel was taken by shared economy transport. The financial implications of the visit are provided below.

Organisations visited included the Latrobe Valley Authority (LVA), workforce unions, Energy Australia, the Gippsland Tech School, Gippsland Trade Training Centre, and Latrobe City Council. The purpose of the visit was to better understand the nature and detail of the work being undertaken in economic transitions management in a practical setting.

Administration's Recommendation

THAT Council receive the report on the study visit to the Latrobe Valley.

Attachments

Nil

Reference to any relevant previous minute

Min. No. 24-63 Ordinary Meeting of Council held 25 March 2024

Background and discussion

Key outcomes

The primary expected outcomes of the proposed visit were to:

- obtain an awareness of the key measure of success and failure of a regional-scale transitions management exercise,
- understand the nature of industrial closures, the role that aggregate regional economic demand and engine-room industries play in the health of a regional economy, the impact of larger-scale unplanned closures, and the importance of the timing and sequencing of strategic policy interventions,
- appreciate the role that regional workforce adaptive capacity plays in successfully negotiating a regional economic transition, the public policy tools available to government to enhance regional workforce adaptive capacity, the role STEAM (science, technology, engineering, arts, and mathematics) education plays in improving workforce resilience, different models of STEAM delivery, and to see practical examples of workforce-related strategic interventions,
- acquire a high-level understanding of the importance of collaborative and shared-accountability governance frameworks across government, industry, workforce unions and the knowledge sector in the management of regional economic transitions,
- hear from different stakeholders (industry, workforce, knowledge sector, and government about the things that worked well and the things that worked less well,
- gain tools to assist with the prioritisation of competing potential actions and strategic interventions to manage a regional transitions management task,
- build effective working relationships with councils and other organisations faced with similar economic transition challenges, and
- observe a transitions management exercise in a practical setting.

Background

The LVA was established in November 2016 to support the region through sustainable economic transition.

The LVA was given a mandate to do things differently; to bring community, business and government together to understand and work on the things that really matter in the region and that will make a difference. The approach adopted, was based on global leading practice in place-based contemporary regional development and transitions management.

In April, the Victorian Government announced that the functions of the LVA would transition into Regional Development Victoria.

Thermal coal power generation and coal mining constitute approximately 43% of Lithgow's economy by value-added production. Unlike the Hunter and much of Queensland, Lithgow does not have the insulating impact of coal-switching (to higher value seaborne export). In this sense, there are similarities with Collie in Western Australia and the Latrobe Valley.

One power station in Lithgow is already closed. The second will transition from baseload to firming and then from firming to backup with full closure by 2040 at the latest. These phases of closure will have different impacts on thermal coal mining and the two industry workforces.

The Lithgow LGA's economic catchment is confined to the LGA itself, offering little insulating impact from belonging to a wider economic catchment. Lithgow shares those characteristics with Collie.

In January this year, Council and the NSW Government received the expert findings and recommendations of the Lithgow Emerging Economy Plan (LEEP). Primary responsibility for delivering the LEEP rests with the NSW Government which is responsible for regional economic development. The LEEP makes 68 recommendations, 40 of which are due for immediate delivery. Most of the initial actions are weighted towards further detailed strategic planning and analysis.

In March 2023, the NSW Government announced it intended to deliver on its regional economic transition policy in coal regions by establishing authorities. The NSW Government has not provided a timetable for the establishment of its authorities.

Council has established a Lithgow Jobs and Investment Committee under the provisions of S355(b) of the Local Government Act, 1993 to manage the coordination of LEEP implementation efforts until the NSW Government's Authority is operational. Council has adopted an Interim LEEP Action Plan which includes several tasks designed to ready the economy for the work of the Central West Jobs and Investment Authority when it is established.

Visit outcomes by stakeholder

Energy Australia

A focus in the planning for the visit was to obtain a broad cross-section of stakeholder views.

Energy Australia provided an overview of the preparations for the Yallourn Power Station closure and set out, in broad compass, the operation of its \$10m worker re-skilling fund. A copy of the presentation will be made available once the Administration receives the document from Energy Australia.

Energy Australia pointed to the importance of industry having a close and collaborative engagement in the transitions management exercise.

Disappointingly, Energy Australia was unable to provide metrics for its \$10m program – including objectives and success, or otherwise, to date. The lack of transparency around the program could be improved in Lithgow's context. It was also noted that other similar schemes in other transitioning regions by leading practice corporate sector actors have included whole-of-family support interventions, as well as business supply chain support. Energy Australia took the view that those strategic interventions were the responsibility of government. Further information regarding the \$10m worker re-skilling program was received from TAFE Victoria and the Gippsland Trades and Labour Council.

A discrepancy between the quality of rehabilitation in NSW and Victoria was also observed.

Gippsland Tech School

This is a world-leading shared-access STEM school which the council was able to experience first-hand and obtain an intimate understanding of its operation. This understanding is important, noting that the implementation of a similar model in the Central West (preferably Lithgow) is a recommendation of the LEEP, and is the subject of a current application for funding submitted to the Australian Government.

Like other tech schools across Victoria, it is designed to ensure that all secondary students have access to leading-edge STEM equipment, education, and training. The facility cost around \$7m to build (2016) and provides government and non-government school students with access to equipment that would otherwise only be available in well-funded independent schools.

The centre is designed to prepare the region's workforce for both the immediate and longer-term impacts of economic disruption. Delegates heard about the importance of developing adaptive skills to build resilience in a region's workforce against both industrial and macroeconomic disruption caused by automation and other macro trends.

It was noted that the Tech School model could be optimised in the Lithgow context by extending its offerings to primary and adult education cohorts. It was also noted that the provision of such a facility and service in Lithgow would benefit from more intensive and frequent contact between services and students.

Gippsland Trades Centre

This facility provides critical face-to-face industry trades training and has grown significantly since its establishment three years ago. Difficulties were noted in matching the financial model of trades training with the considerable demand for trades labour with a sizeable supply gap resulting. Delegates noted that the model in NSW was also experiencing difficulties in delivering sufficient trades training. Staff officers recommend that a policy response to this issue be developed as part of the 2024/2025 LEEP Action Plan.

Gippsland Trades and Labour Council and the Victorian Mining and Energy Union

The workforce unions were frank and enthusiastic in taking the delegation through their experience of transitions management. Particularly, they were at pains to note that there needed to be strong alignment between training and realistic job opportunities – something they felt had not always been the case in the Latrobe Valley.

The workforce unions particularly noted that its involvement in collaborative transitions management programs enhanced the alignment and effectiveness of worker re-skilling programs. There was a general feeling from workforce unions that a greater focus on economic investment should have occurred earlier in the transitions management response.

One advocacy effort which the Gippsland Trades Centre considered quite successful was the implementation of 'prior learning recognition' in providing impacted workers with accredited training and qualifications. Essentially, it is understood that many mining and power generation employees have important skills gained through their decades of experience. Recognising this with a flat pathway to state accredited training has smoothed the pathway to alternative work in a Victorian context. The Trades and Labour Council worked directly with TAFE and the Minister for Skills and TAFE to implement this system.

Latrobe City Council

Latrobe City Council (Mayor and Chief Executive Officer) gave a detailed presentation on its experience of the Latrobe regional economic transition. A particular focus was given to the construction of liveability infrastructure – although it was noted more needed to be achieved in the economic investment space. A copy of the presentation will be made available to Councillors.

Latrobe Valley Authority

The delegation heard from the Latrobe Valley Authority about its seven-year journey navigating economic disruption. LVA identified its framework for baseline and progressive reporting, governance, resourcing, historical and current strategic inventions, and transitions management experience. It was noted that a stronger and more collaborative governance board would have

assisted its work in the region. LVA also acknowledged that its key performance measures should have been developed earlier. A copy of the Latrobe Valley Authority's reporting framework will be provided to Councillors.

There was a general feeling that the interim governance arrangements in Lithgow were likely to resolve LVA's early challenges. It is noted, however, that the LVA was supported by \$350m of public funding and its establishment occurred as an immediate reaction to a critical industry closure.

Consultation and Communication

A media release to be distributed in the coming week.

Council's Director Infrastructure and Economy participated in a 30-minute interview on a Latrobe Valley community radio station on Saturday 18 May 2014, explaining Lithgow's similarities with the Latrobe Valley, some of the economic challenges faced by the city, and what was learned during the study visit.

Policy

The LEEP has been identified by Council and the community as one of its most important priorities. Council's policy is to support the LEEP in collaboration with all levels of government, industry, workforce unions, the knowledge sector and many others. The LEEP work will be the first regional transitions management exercise, in a New South Wales context, resulting from global efforts to decarbonise the economy.

Legal

Nil.

Risk Management

Nil.

Financial

- Budget approved - \$915,128 (\$10,080 for this study visit)
- Cost centre - 100888
- Expended to date - \$100,155

It is noted that every effort was made to minimise costs associated with the visit. In accordance with Council's policy framework, all travel was taken by shared economy transport. The final number of Council delegates was seven.

- Airfares: \$2,089.40
- Bus hire: \$824.06
- Parking: \$60.54
- Fuel: \$181.35
- Accommodation: \$1,880.00
- Meals: \$658.16

Total: **\$5,693.51** (\$813.36 expended per Council delegate)

The report presented to Council at the 25 March 2024 Ordinary Meeting suggested a total budget of \$10,080 be allocated to the project, for a potential 12 delegates (\$840 per delegate).

2. Council Committee Reports

2.1. FIN - 27/05/2024 - Finance Committee Meeting Minutes

Strategic Context for this matter:

Responsible Governance & Civic Leadership To develop community confidence in the organisation by the way it is directed, controlled and managed.

Author: Trinity Newton – Executive Assistant

Responsible Officer: Ross Gurney - Director Finance and Governance

Executive Summary

This report provides a summary of matters considered at the Extra Ordinary Finance Committee Meeting held on 21 May 2024 and recommends that the Council note the minutes.

Administration's Recommendation

THAT Council note the minutes of the Extra Ordinary Finance Committee meeting held on 21 May 2024.

Attachments

1. Draft Minutes of Finance Committee Meeting 21 May 2024 [2.1.1]
2. Draft Minutes of Finance Committee Meeting 21 May 2024 [2.1.1]

Reference to any relevant previous minute

Min. No. 24-45 Ordinary Meeting of Council held on 26 February 2024.

Background and discussion

At the 21 May 2024 Extra Ordinary Finance Committee Meeting, the following reports were discussed by the Committee:

- **Solar Panels - Council Admin Building - Cost Benefit Analysis** - based on actual and current estimated electricity cost savings, the estimated payback period will be just over 12 years. Using the same calculation methodology as the proposal, the return on investment is 9%. the Committee agreed that, overall, the implementation of the solar panels has been cost effective.
- **Zero Based Budgeting** - As Councillor Mahony requested that Zero Based Budgeting be discussed, the item will be deferred to the next finance meeting.
- **2023/24 Quarter Three Budget Review** - The Director Finance & Governance reported that Council's projected financial position at 30 June 2024 will be satisfactory compared with the original budget. The main reason for the change in Council's projected operating result (before capital) from original budget \$13.583M surplus to \$2M surplus relates to natural disaster claim income.

The following business paper recommendation was endorsed by the Committee:

Investment Report April 2024

THAT:

1. Investments of \$47,700,000 and cash of \$934,610 (of which approximately \$47M is restricted) for the period ending 30 April 2024 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on cashflow and funding requirements for restricted reserves be noted.

Financial

As detailed in the Finance Committee meeting minutes.